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Dr. D. Y. Causey, Jr. Dr. Carole Cheatham

Denzil Y. Causey is professor in the School of Accountancy at Mississippi State University. He received his Bachelors degree in Accounting from the University of Miami in Florida, MBA from Emory University and his Ph.D. in Accounting from the University of Southern California.

Carole Cheatham is professor in the School of Accountancy at Mississippi State University. She received her MBA from Louisiana State University and her Ph.D. from the University of Arkansas.

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James D. McComas, Ph.D.
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The Professional Corporation in Mississippi After TEFRA

by

Denzil Y. Causey, Jr.

All fifty states have adopted statutes that permit professionals to incorporate their professional practices. However, the tax benefits of these professional corporations have been importantly reduced by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Many professionals who have incorporated their practices may now decide to dissolve these corporations. This paper analyzes the advantages and disadvantages of the professional corporation in Mississippi after TEFRA.

MISSISSIPPI PROFESSIONAL CORPORATION STATUTE

Chapter 9 of Mississippi Statutes is designated as the "Mississippi Professional Corporation Law." It permits formation of a corporation to perform professional services. The statute specifically permits professional corporations to render services as certified public accountants, dentists, and engineers, veterinarians, osteopaths, physicians, surgeons, and attorneys.[1] Shareholders are limited to individuals who are licensed to render the particular professional service. Services may be rendered only by or through persons who are licensed to engage in the particular profession in Mississippi.[2]

While professional corporations may not engage in any business other than the rendering of the designated professional service, the Mississippi statute permits investing funds in real estate, mortgages, stocks, bonds, and other investments as well as owning real or personal property used in performing the professional service.[3] The corporate name must end with the word "Chartered" or "Limited" or the abbreviation "Ltd." or the words "Professional Association" or the abbreviation "P. A."[4]

Limited Liability for Acts of Others

The Mississippi statute provides that officers, shareholders, agents, or employees of a professional corporation remain personally liable to their clients for their own acts as well as the acts of those under their direct supervision and control.[5] The corporation is liable to the full extent of its property for negligent or wrongful acts in rendering the professional service. The effect of the Mississippi statute is to eliminate personal liability where there is no personal involvement with the work.

Statutes in Arizona, Colorado, Oregon, and Wisconsin do not provide the limited liability afforded by statues in Mississippi and most other states. For example, all shareholders in Oregon remain personally liable to all clients of the professional corporation. However, in construing the Oregon Statute it was held that it did bar a suit by a third party against a CPA who did not participate in the work.[6]

Transfer of Shares

Shareholders are not permitted to transfer their shares except to persons licensed to perform the particular service and then only upon approval of a majority vote of the shares at a special meeting called for this purpose.[7] Failure to require a disqualified shareholder to transfer shares to someone legally qualified to render the professional service may result in dissolution of the corporation.[8]

Mississippi statues provide that the articles of incorporation or bylaws may limit transfer of the shares except to the corporation at prices and in the manner specified.[9] However, redemption provisions

cannot be invoked so as to impair the capital of the corporation or render it insolvent. To avoid this problem the corporation may elect to carry life insurance on the lives of its shareholders sufficient to pay for purchase of the shares of a deceased shareholder.

Compliance with Formalities

Someone should be designated to attend to the formalities required for proper corporate existence. For example, an annual report including a list of the names of shareholders must be filed with the Mississippi Secretary of State.[10] If corporate formalities are not observed, the courts and tax authorities may ignore the corporation.

In a Pennsylvania case, the court held that two CPAs became shareholders in a professional corporation despite the fact that no stock book was maintained and no stock certificates were issued since the certificate is only evidence of shareholder status.[11] However, the court ruled that when the CPAs scrambled for business upon breakup of the professional corporation due to personal differences, they owed each other a fiduciary duty of trust and confidence and should have refrained from using their positions to the others' detriment and to their own advantage. In solving the allocation problem presented upon dissolution, the court pierced the corporate veil and treated the shareholders as equal individuals.

STATE AND FEDERAL TAX STATUS

The Internal Revenue Service has announced that it will recognize the corporate status of a business organized and operated under the Mississippi Professional Corporation Law.[12] This means that two principal tax advantages of corporations are available:

(1) Increased capital investment needed to operate a business can be provided by earnings taxed at low corporate rates, and
(2) accident and health plans can be provided on a tax free basis to the individual while the corporation deducts the expense (unless the plan is both self-insured and discriminates in favor of key employees).

While pension benefits was previously a major reason for incorporating, TEFRA has now placed Keogh plans adopted by self-employed persons on a general parity with corporate pension plans. TEFRA also has greatly limited the life insurance benefits obtained by incorporating.[13]

Corporate tax status also results in certain disadvantages. The professionals become employees and the resulting employer/employee contributions for FICA tax are greater than self-employment tax incurred without the corporate status. The professionals also may become subject to unemployment tax and workers' compensation insurance as a result of their employee status.

Another disadvantage of corporate status is that the corporation is subject to both federal and Mississippi corporation income taxes. The federal tax rates on corporate income are (after 1982):

15% on the first $25,000
18% on the next $25,000
30% on the next $25,000
40% on the next $25,000
46% on income in excess of $100,000

Mississippi tax rates on corporate income (levied by Mississippi Statutes § 27-7-5) are (same as for individuals):

3% on the first $5,000
4% on income in excess of $5,000

Mississippi also levies an annual Franchise Tax on each corporation of $2.50 per $1,000 of invested capital measured (pursuant to Mississippi Statutes § 27-13-9) by the combined issued and outstanding capital stock, surplus and undivided profits.

The federal corporate income tax may be avoided where there are no more than 25 shareholders by electing tax-option status whereby the income is taxed to the stockholders. This option also avoids the Mississippi income tax on corporations by virtue of Mississippi Statutes § 27-7-29 which requires the filing of a Mississippi partnership return for tax-option corporations.

Pension Parity

By increasing the federal tax deduction available for contributions to self-employed pension plans (Keogh Plans) and decreasing the federal tax deduction for corporate pension contributions, TEFRA has produced relative parity starting in 1984. At that time, self-employed persons can deduct pension contributions of 25% of "earned income" with a maximum annual contribution of $30,000 ($90,000 maximum annual contribution for defined-benefit plans). Current rules permit the unincorporated professional to deduct contributions of only 15% of self-employment income up to a maximum of $15,000.

Also starting in 1984, TEFRA limits deductible corporate contributions to 25% of compensation up to $30,000 for defined-contribution plans ($90,000 for defined-benefit plans). These limits are down from the current corporate limit of $45,475 for a defined benefit plan and the current corporate limit of $136,425 for corporate defined-benefit plans).[14]

Exhibit 1 shows a comparison of the unincorporated (Keogh) plan and the corporate plan. The illustration is based on the assumption of a self-employed professional earning $125,000 per year who desires to make the maximum tax-deductible contribution to a pension plan and draw out the balance. Note that under the Keogh plan, earned income is defined as income after deducting the pension contribution.[15] Under this plan, our self-employed professional is contributing $25,000 which is 20% of self-employment income. However, this contribution is 25% of "earned income" of $100,000 as permitted by the Internal Revenue Code.

Compare the operation of the corporate plan as per Exhibit 1. Since our professional desires to contribute the maximum deductible amount, the contribution must be 25% of compensation which gives a ratio of compensation to pension contribution of 4 to 1. Assuming that the total available for pension and compensation is $125,000, the 4 to 1 ratio is achieved by paying salary of $100,000 and contributing $25,000 to the corporate pension plan.

Exhibit 1 demonstrates the parity of corporate and Keogh plans under the operating assumption. Under both plans, the deductible pension contribution can be increased to $30,000 when the total earnings available for pension and salary goes from $125,000 to $150,000. The $150,000 would be divided into $120,000 salary and $30,000 pension contribution thus preserving the 4 to 1 ratio. Operating assumptions can cause some differences in plan results. For example, assuming sufficient retained earnings and cash, the corporation could keep paying the salary and keep making the deductible contribution despite incurrence of net losses. This is an unlikely occurrence, however, because the pension contribution would simply increase the operating loss and thus tax benefit of the deduction might be lost.

Tightening of Corporate Life Insurance Benefits

Starting in 1984, key corporate employees will no longer be able to exclude from income $50,000 of group term life insurance provided by the employer unless the insurance plan meets nondiscrimination rules provided in TEFRA. Among other tests the plan must cover 70 percent of all employees and at least 85 percent of all participating employees must not be key employees. While many corporations will continue to operate discriminatory plans and get a tax deduction for the cost, the value of the insurance must be treated as income to key employees but not to other employees.[16]

EXHIBIT 1: Comparison of Self-Employed (Keogh) and Corporate Pension Plans

Operating Assumption: Performance of Professional services produces $125,000 of earnings available for current compensation and pension; the professional desires to make the maximum deductible contribution to a pension plan and to draw out the balance.

	Self-Employed [Keogh] Plan	Corporate Plan
Earnings available for current compensation and pension contribution	$125,000	$125,000
DEDUCT: Pension contribution (deductible for income tax purposes)	25,000	25,000
Earned income	$100,000	
Corporate net income before salary deduction		$100,000
DEDUCT: Salary to incorporated professional		100,000
Corporate net income subjected to federal or Mississippi income tax		0

Corporate Perks

The Economic Recovery Tax Act prohibits the IRS from issuing regulations governing executive perks until 1984. A perk is a benefit in addition to salary or wages. The corporate form still offers potential for nontaxable perks for the executive. One of the notable benefits is an interest-free loan to a key employee on a demand note. The key employee incurs no income as a result of the interest free loan but is free to invest the money in tax exempt securities. While a recent decision in the U. S. Court of Claims held that the interest free loan could result in income to the key employee, other courts have ruled to the contrary so that this practice goes largely unchallenged by the IRS.[17]

It should not be assumed that forming a corporation results in tax deductions for personal expenses paid by the corporation on behalf of management or stockholders. For example, the Tax Court disallowed personal expenses taken by a professional corporation for a doctor's personal use of a Mercedes Benz 450SL purchased by the corporation. While only 12 percent of the car's use was personal and the doctor paid the corporation $300 per year for this personal use, the Tax Court disallowed 12 percent of the expenses that related to such personal use and held that the doctor had received a dividend equal to the fair rental value of the car assignable to personal use, less the $300 paid.[18]

PARTNERSHIP OF PROFESSIONAL CORPORATIONS ELIMINATED BY TEFRA

Based on the Tax Court decision in **Daniel F. Keller**[19] some professionals started to incorporate their personal practices with the newly formed corporation becoming a partner with other individuals or with other similar professional corporations. This approach afforded greater flexibility since each corporation's pension plan could be tailored to the sole individual based on the particular income level and personal pension objectives.

In the **Keller** case, Dr. Keller formed a corporation which substituted for him in a partnership engaged in the practice of pathology. This reduced his taxable income by $23,000 of pension plan contributions and $6,000 in medical expense reimbursements. The IRS sought to reallocate 100% of the corporate income to Dr. Keller under the "assignment of income" theory and IRC § 482 which empowers the Commissioner to allocate income and deductions between two or more controlled trades or businesses in order to clearly reflect income. In a split decision, the Tax Court sustained Dr. Keller's P.C.

Starting in 1983, TEFRA nullifies the **Keller** case and effectively eliminates the partnership of professional corporation idea by virtue of new Internal Revenue Code Section § 269A which provides that if "substantially all of the services of a personal service corporation are performed for (or on behalf of) 1 other corporation, partnership, or other entity" and the principal purpose is for federal income tax benefits, the Secretary of the Treasury may allocate all income, deductions, etc. to the employee-owners. An employee-owner is anyone who owns more than 10 percent of the corporate stock.

FAVORABLE LIQUIDATION OF PROFESSIONAL CORPORATIONS DURING 1983 and 1984

Congress realized that as a result of parity between corporate and noncorporate (Keogh) pension plans and the nullification of the **Keller** case by new IRC § 269A that many professionals would want to liquidate their professional corporations. To make this transition easier, Congress provided in TEFRA that any professional corporation may within 1983 or 1984 complete a one-month liquidation under Internal Revenue Code § 333 without the corporation recognizing any income on the distribution of uncollected accounts receivable. These accounts are to be treated as having a zero basis. Shareholders must recognize as dividend income their ratable shares of the corporate retained earnings and any remaining gain is short-term or long-term capital gain depending upon whether the holding period exceeded one year.

SUMMARY AND CONCLUSION

The Mississippi Professional Corporation Law offers limited liability for services that the professional does not personally perform or supervise. It offers limited benefits for federal income tax purposes primarily for high income professionals. After TEFRA these consist mostly of (1) the opportunity to accumulate earnings after low federal corporate income tax rates, (2) accident and health plans, and (3) corporate "perks." These advantages are offset

somewhat by Mississippi and Federal taxes and related filing requirements. The professional planning to incorporate or to liquidate the professional corporation should engage a competent tax advisor to give careful attention to each step involved in implementing and operating the plan to assure attainment of anticipated objectives. This paper has reviewed only a few of the important issues that should be considered; each professional service entity may have problems that are unique to its particular situation.

FOOTNOTES

[1] Mississippi Statutes Section 79-9-3 and Section 79-9-5.

[2] Mississippi Statutes Section 79-9-5.

[3] Mississippi Statutes Section 79-9-13.

[4] Mississippi Statutes Section 79-9-21.

[5] Mississippi Statutes Section 79-9-11.

[6] Lundgren v. Superior Court of Los Angeles County, 168 Cal. Rptr. 717 (Cal. App. 1980) (California asserted jurisdiction over the Oregon professional corporation because a corporate officer came to Los Angeles to prepare the financials used in a merger of California companies. While the Oregon Statute did not afford limited liability in suits by clients of the professional corporation, it did eliminate personal liability to a third party for a shareholder who did not participate in the engagement).

[7] Mississippi Statutes Section 79-9-19.

[8] Mississippi Statutes Section 79-9-17.

[9] Mississippi Statutes Section 79-9-19.

[10] Mississippi Statutes Section 79-9-21.

[11] Krosnar v. Schmidt Krosnar McNaughton Garrett Co., 423 A.2d 370 (Pa. Super. 1980).

[12] Revenue Ruling 70-101, 1970-CB 278.

[13] IRC 79.

[14] IRC 415.

[15] IRC 401 (c) (2).

[16] IRC 79 (d).

[17] Hardee, CCH CTCLsTrJRpt -9459 (Court Claims 1982).

[18] Egan v. Commissioner, CCH Dec. 38,989 (M), T. C. Memo 1982-237 (May 3, 1982).

[19] Daniel F. Keller, CCH Dec. 38, 401, 77 TC No. 70 (1981).

Sales Indicated By Sales Tax Collections During August, 1982 By County (000's)

Source: State Tax Commission

County	Total Sales Tax Collections	Indicated Sales	County	Total Sales Tax Collections	Indicated Sales
Adams	1,399	33,278	Lowndes	1,722	44,478
Alcorn	1,028	29,884			
Amite	122	2,685	Madison	840	25,216
Attala	386	9,981	Marion	715	16,558
			Marshall	397	8,884
Benton	56	1,365	Monroe	743	20,106
Bolivar	849	21,067	Montgomery	233	5,398
Calhoun	243	5,919	Neshoba	454	11,373
Carroll	117	2,711	Newton	309	7,391
Chickasaw	289	6,801	Noxubee	167	4,164
Choctaw	103	2,347			
Claiborne	359	22,117	Oktibbeha	658	15,095
Clarke	214	5,139			
Clay	338	9,560	Panola	623	15,629
Coahoma	807	19,334	Pearl River	617	14,183
Copiah	398	9,589	Perry	220	9,185
Covington	295	7,109	Pike	1,116	25,699
			Pontotoc	277	6,450
DeSoto	833	20,174	Prentiss	349	8,769
Forrest	2,382	65,141	Quitman	191	4,755
Franklin	103	2,767			
			Rankin	1,725	49,896
George	262	6,146			
Greene	86	1,943	Scott	476	11,676
Grenada	571	15,385	Sharkey	127	2,710
			Simpson	432	10,090
Hancock	745	20,879	Smith	136	3,318
Harrison	4,506	112,167	Stone	185	4,398
Hinds	8,245	247,969	Sunflower	594	28,897
Holmes	310	7,117			
Humphreys	253	6,028	Tallahatchie	239	5,268
			Tate	339	8,117
Issaquena	16	513	Tippah	330	21,016
Itawamba	337	10,137	Tishomingo	332	9,084
			Tunica	150	3,486
Jackson	2,923	97,107			
Jasper	270	6,369	Union	368	9,823
Jefferson	86	1,974			
Jeff Davis	204	5,006	Walthall	201	4,831
Jones	2,340	55,728	Warren	1,345	36,194
			Washington	1,751	44,002
Kemper	105	2,409	Wayne	427	11,533
			Webster	141	3,254
Lafayette	530	12,575	Wilkinson	181	4,430
Lamar	283	7,426	Winston	342	8,200
Lauderdale	2,279	60,648			
Lawrence	166	3,891	Yalobusha	214	5,098
Leake	290	6,689	Yazoo	668	18,216
Lee	2,144	67,970			
Leflore	1,025	25,956			
Lincoln	750	21,604	State Total	59,381	1,623,583

Privacy Controls: Is Your Company Doing Enough ?

By

Dr. Carole Cheatham

On December 18, 1974, Congress passed the Privacy Act of 1974, which defined privacy controls for data banks of federal agencies. The Privacy Act was the result of the concern of legislators that large-scale government data banks were accumulating vast amounts of information about individuals that should be treated in a confidential manner. Although the legislation applied only to federal agencies, the act also established the Privacy Protection Study Commission (PPSC) to conduct a two-year study into privacy problems created by both private and government data banks. In July 1977, the PPSC issued its report which spawned a host of bills in the House and Senate, all dealing with some phase of privacy or security. By May 1980 there were some 77 such bills pending in Congress.[1] It seems that increased regulation of data banks is inevitable; if not in the form of comprehensive legislation, at least in the form of piecemeal laws affecting different aspects of data use.

A further impetus towards privacy controls is the set of international guidelines for privacy protection established by the Organization for Economic Cooperation and Development (OECD). The OECD guidelines allow self-regulation by private sector organizations as an acceptable means of privacy control and as an alternative to privacy legislation by participating countries. The international issue is an important one because countries with stringent privacy controls are reluctant to allow data transmission to countries without such controls. Maintaining the flow of transborder data is crucial to U.S. companies that operate internationally. The Reagan Administration's Commerce Secretary Malcolm Baldridge has commented concerning the OECD guidelines that the "Administration supports the Guidelines. . .[and] considers that it is in the interest of U.S. Corporations to take appropriate steps to endorse the Guidelines."[2]

Federal Data Banks

The first electronic computer came into existence only some 35 years ago, but the growth of computer use and technology has been phenomenal. Part of that technology has made possible the storage of large amounts of information as well as access to that information. Federal agencies have utilized this characteristic of computer technology for storage of data. According to one estimate there are 800 separate federal data collection systems with one billion separate records on individuals.[3] Before the effective date of the Privacy Act, it was estimated that 40 percent of the systems contained records on individuals of which they were not aware, and over 50 percent did not make provision for the individuals to review or request corrections of the records.[4]

Agencies which maintain data banks include the Department of Justice, Internal Revenue Service, Department of Defense, Environmental Protection Agency and the Census Bureau. One can scarcely live without leaving a "data trail" of information throughout federal data banks. Many individuals have become concerned that information processing is only

a step away from surveillance. The impetus for some type of privacy legislation came from many sources. However, the movement gained special momentum from Rep. Gallagher's Special Subcommittee on the Computer and Invasion of Privacy (1966), Senator Ervin's Subcommittee on Constitutional Rights (1971), the H.E.W. study on Automated Personal Data Systems (1973), and the Watergate incident.[5]

The Privacy Act of 1974

The efforts of legislators resulted in the Privacy Act of 1974. The act is directed at the collection, maintenance, use and dissemination of personal information accumulated by federal agencies. It does not prescribe any limitations or controls for private data file systems. The act is 15 pages long and provides safeguards for the individual; among which is the right to know what records are being collected, the right to prevent records being kept for a particular purpose to be made available for another purpose, and the right to have a copy of records and to request corrections. Federal agencies may maintain records only for necessary and lawful purposes, must keep the information current and must provide proper safeguards. Exemptions from the law must be because of public policy requirements such as for law enforcement agencies.

Another provision of the law requires federal agencies to periodically publish the names of those listed in its files. Federal agencies are barred from tracking religious or political activities unless required to do so by law. No federal, state or local government agency can set up a new information system based on the use of social security numbers. Federal agencies cannot sell or rent data bank information.

An important provision of the Privacy Act of 1974 was the establishment of the Privacy Protection Study Commission. This seven-member commission operated for two years and was charged with studying the problem of privacy in the private sector. The culmination of the PPSC's work was a 654-page report entitled "Personal Privacy in an Information Society" which recommended the strengthening of privacy controls in many areas.

Legislation for the Private Sector

A host of bills affecting privacy in the private sector has been introduced in Congress. Three days after the PPSC report was issued, Representatives Goldwater and Koch introduced ten bills designed to implement the Commission's recommendations. Other legislation affecting some specific aspect of privacy or affecting particular industries has been introduced and some has passed. Comprehensive legislation in the privacy area has also been introduced but has not become law. One comprehensive bill was the "Comprehensive Right to Privacy Act" which was also authored by Goldwater and Koch. This bill was introduced even before the PPSC completed its work. A later effort was "The Omnibus Privacy Act of 1977" which was introduced by Representative Pryor.

Although the general trend of the Reagan Administration has been away from government controls, the official position of the Administration as reflected in the 1980 Republican Platform is that," Government in recent years, particularly at the federal level, has overwhelmed citizens with demands for personal information. . .There must be protection against its misuse or disclosure. . .The Republican Party commits itself to guaranteeing an individual's right of privacy."[6] This seems to reflect a sympathetic attitude, if not a commitment, to privacy legislation.

Some legislation that has been passed in the privacy area is the Family Educational Rights and Privacy Act which affects higher education, and the Fair Credit Reporting Act which was in effect four years before the Privacy Act of 1974.

Other efforts to institute privacy controls are being made by states, private organizations and international groups. On the state level in 1976, 218 privacy bills were introduced and 26 passed. In 1977, 353 were introduced and 48 passed.[7] Data Processing Management Association has outlined standards for its members who use personal data. The National Association of State Information Systems also has taken a strong stand in favor of privacy controls.[8]

International Privacy Controls

On the international scene Sweden was the first country to enact privacy legislation; and regulation of computer data banks is under the jurisdiction of a nine-member privacy control board.[9] Since Sweden's law went into effect, many other countries have also enacted laws to ensure privacy or data protection as it is usually called. The Council of Europe has adopted a treaty which requires its members to adopt data protection laws. The U.S. is not a member of the Council of Europe. However, the U.S. did participate in setting up guidelines for privacy for members of the Organization for Economic Cooperation and Develop-

ment. These guidelines allow self-regulation by private sector organizations as one acceptable method of ensuring privacy. The Reagan Administration has endorsed these guidelines.[10]

The problem in the international sector is that countries with rigid laws governing data protection will not permit transmission of personal data to countries without similar prohibitions. In Norway the Data Inspectorate must be notified every time personal data is transferred to another country. In Brazil government authorization is required before any international data links are set up.[11] Countries without privacy legislation operate at a disadvantage in international markets.

In truth, the issue is broader than privacy. Some countries are reluctant to see data transmission out of their countries because they see this as assisting in economic domination from foreign sources. However, whether privacy is the true issue or merely an excuse, disadvantages to U.S. companies operating internationally are very real.

Private Data Banks

Private data banks have proliferated greatly in the last 30 years as have federal data banks. Dr. Willis H. Ware, who was a member of the study group which laid the groundwork for the Privacy Act of 1974 and who served on the Privacy Protection Study Commission, discussed this proliferation at an IBM seminar. Dr. Ware pointed out that in the 1950s computers had only an indirect effect on people, operating largely in one or two departments in a company. In the 1960s computers affected the business affairs of the company and to limited extent, the customers. In the 1970s Dr. Ware says the computer came out of the back room and directly affected the customer such as in making reservations for hotels, airlines, and automobiles.[12]

Extensive personal files are maintained by insurance companies, credit companies, hospitals, and educational institutions to name a few. Most large companies maintain some records of a personal nature, if only on employees or customers.

Cost of Privacy Controls

Dr. Robert Goldstein who worked on the design of large computer systems and advanced approaches to data base management on M.I.T.'s Project MAC and the Lawrence Livermore Laboratory, commented,

> . . .it now seems safe to assume that any organization that maintains records about individually identifiable people—even its own employees—will soon operate in a regulated environment. Given this situation, the appropriate questions are not "Should there by privacy legislation?" or "Will my company be affected" but "What specific steps will my installation have to take in order to comply?" and "How much will it cost?"[13]

In order to answer the cost question, Dr. Goldstein prepared an analysis of six data systems including one in medicine, credit, insurance, personnel applications and two in law enforcement. Goldstein's study showed the start-up costs would range from a low of $141,000 for the personnel applications in which there were 10,000 subjects and 50,000 transactions per year to a high of $1,408,000 for the credit firm in which there were 35,000,000 subjects and 10,000,000 transactions per year. Annual privacy costs would range from 8% of previous annual operating cost for one law enforcement system to 220% for the other law enforcement system. The extremely high cost for the second law enforcement was attributed to the fact the system was very new. The second highest annual percentage cost was 73% of previous annual operating costs which occurred for the credit system. The increase in computer processing time was a low of 0.01 hours for the personnel system to a high of 13.45 hours for the credit system.[14]

Golstein sees the possibility of reducing the cost per transaction in large, heavily used systems with the goal in mind of passing this cost savings on to the consumer. However, he foresees that organizations with a small amount of data or organizations which have data that they do not use very often may find the costs prohibitive. These latter organizations may have to stop maintaining their own files and rely on service bureaus instead.[15]

Cost of Government Privacy Controls

One encouraging note on the cost problem is that government privacy control costs have been significantly less than anticipated. The Office of Management and Budget (OMB) had estimated that operating costs for the first few years would be $200-$300

million. Actual operating costs were $36.6 million for September 27, 1975 through September 30, 1976, or about 15 percent of the estimate. The Office of Management and Budget estimated the start-up costs at $100 million spread over the first two years while the actual start-up costs from January 1, 1975, through September 30, 1976, were only $29.5 million. The OMB statistics were based on data from 85 of 88 agencies surveyed. (One nonrespondent was the Commission on Federal Paperwork.) The largest single operating cost was granting individuals access to their records (29 percent of the total). The largest single start-up cost was publication requirements including developing agency rules and publishing notices of systems and records maintained (46 percent of the total).[16]

A somewhat later study by the General Accounting Office showed that 13 federal agencies spent almost $36 million in the three-year period 1975-77 in handling Privacy Act and Freedom of Information Act requests for information. The GAO projected that the number of access requests would increase by 85 percent between 1977 and 1982 and that that costs were likely to increase at least 24 percent.[17]

A Course of Action

In spite of the fact that comprehensive privacy legislation in the private sector has not been passed, there is enough specialized and state legislation to cause concern for the average business. What can be done to assure that privacy issues do not become a problem?

One obvious measure is to stop collecting data that is not needed. IBM evaluated the data it was gathering on its employees a few years ago and decided to eliminate unnecessary information.[18] The more information that is gathered, the more exposure there is to liability.

Particularly due to the fact that companies deal with piecemeal legislation, another good idea is to appoint an executive to keep tabs on developments in the area and, in effect, become the company expert on privacy matters. The executive can follow the testimony at hearings and watch developments in the Federal Register as well as becoming familiar with state legislation. Some published sources on privacy issues are also available such as Robert Ellis Smith's "Privacy Journal".[19]

Another suggestion to companies that keep some records in hard-copy form is to consider converting them to computer form. Whether information is kept on disks, tape, or some other computer-readable form, it is still less accessable than hard-copy form. Since many of the present privacy problems were created by the enormous data storage capacities of computers, it is nice to sound a positive note about their use. Norman Statland of Price Waterhouse says that computer systems "provide a form of privacy protection which cannot be matched in any other media."[20] He adds that computer-generated activity logs which record each use of a record are a significant deterrent to nonessential use.

It seems likely that companies will be required to institute more stringent privacy controls over their data bases of personal information in the future. Privacy controls fall in the general category of administrative internal controls and are, therefore, the concern of general management and auditors as well as data processing managers. Company executives must begin thinking about the installation of such controls. New systems which are currently being designed should be designed with reasonable privacy controls. Old systems should be evaluated for danger spots and corrective measures considered.

FOOTNOTES

[1]Robert J. Bradley, "Privacy: What King and How Tight the Lock," **Data Management**, Vol. 18, No. 5 (May 1980), p. 57.

[2]Arthur A. Bushkin, "The Threat to International Data Flows," **Business Week**, No. 2699 (Aug. 3, 1981), p. 11.

[3]John W. O. Williams, "Data Banks," **Data Management**, Vol. 13, No. 7 (July 1975), p. 25.

[4]**Ibid.**

[5]Hank E.Koehn, "What the Privacy Act Means to Business," **Journal of Systems Management**, Vol. 26, No. 6 (June 1975), p. 12.

[6]William G. Dearhammer, "Commercial Credit Information and Privacy Legislation—An Update," **Journal of Commercial Bank Lending**, Vol. 63, No. 10 (June 1981), p. 50.

[7]Jerome L. Roderick, "Privacy—Not Just a Consumer Issue," **Journal of Commercial Bank Lending**, Vol. 61, No. 1 (Sept. 1978), p. 35.

[8]Williams, **op. cit.**, p. 28.

[9]**Ibid.**, p. 27

[10]Bushkin, **op. cit.**, pp. 10-11.

[11]**Ibid.**

[12]"Computers, Privacy Create Social Issues," Infosystems, Vol. 22, No. 11 (Nov. 1975), p. 18.

[13]Robert C. Goldstin, "The Costs of Privacy," Datamation, Vol. 21, No. 10 (Oct. 1975), p. 65.

[14]Ibid., pp. 65-68.

[15]Goldstein, op. cit., pp. 66-67.

[16]Becky Barna, "OMB Overestimates High Costs of Privacy," Computer Decisions, Vol. 9, No. 5 (May 1977), p. 6.

[17]"Price of Privacy Is Steep, GAO Study Shows," Computer Decisions, Vol. 10, No. 9 (Sept. 1978), p. 11.

[18]David Whieldon, "How Much Will 'Privacy' Cost," Computer Decisions, Vol. 11, No. 8, (August 1979), p. 58.

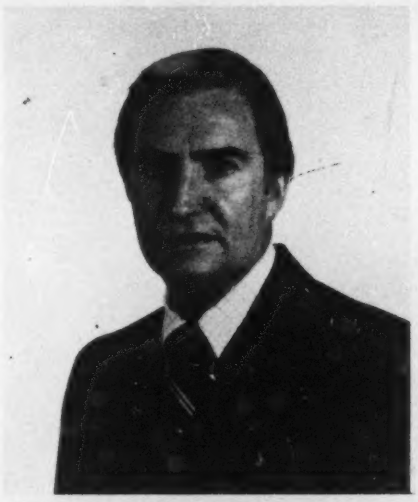
[19]Ibid. "Privacy Journal" is a monthly newsletter available from Privacy Journal, P. O. Box 8844, Washington, D. C. 20003.

[20]Whieldon, op. cit., p. 62.

NEW AND EXPANDED INDUSTRY

Town Firm Product	No. of Employees
NEW	
Olive Branch	
K-S-H, Inc. Plastic Conversion & Extrusions	8
Meucci Originals, Inc. Cue Sticks	7
Oxford	
B&B Concrete Precast Concrete Products	75
EXPANDED	
Booneville	
H & W Industries Plastic Pipe & Siding	100
Saltillo	
Container Engineering Cardboard & Wood Containers	10
Tupelo	
Blue Bell, Inc. Boys' Wear	125

MEET THE FACULTY



Dr. Louis E. Dawkins

Director, School of Accountancy

Dr. Louis Dawkins, Director of the School of Accountancy, came to Mississippi State University from Henderson State University in Arkadelphia, Arkansas. There he was the Dean of the School of Business.

A true-blue Razorback, Dr. Dawkins received his B.B.A. from Arkansas A & M College and his M.B.A. and Ph.D. from the University of Arkansas. He is also a Certified Public Accountant in that state.

He has conducted training sessions in Iowa and Arkansas for the American Institute of Certified Public Accountants as well as CPA Review. He was instrumental in writing the proposal and securing the funds for a three year period to study Henderson State University School of Business curriculum, faculty and organizational structure in align with recommendations of the American Assembly of Collegiate Schools of Business.

Dr. Dawkins holds membership in Beta Alpha Psi, Alpha Kappa Psi, American Institute of Certified Public Accountants and the American Accountants Association.

He, his wife, Anita, and sons, Roben and Randy, are members of Faith Baptist Church. This summer, his "spare time" was spent gardening, landscaping or water-skiing with his sons.

Tourist Briefs

Mistletoe Market

November 3 and 4

Mistletoe Marketplace is a Christmas fair that has become a shopping spree to remember. It will begin its second dazzling year on November third and extend through November fourth. The Junior League of Jackson boasts fondly of its fund-raising project that will bring sixty-five merchants from seventeen states to Jackson. Most of the Southern states are represented as well as Michigan, Hawaii, Iowa, Maine, Wisconsin, Indiana, and Illinois; and of course, many local merchants will be involved in Mistletoe Marketplace too. The variety of merchandise adds to the excitement of the event with Christmas linens, antique jewelry, peppermint baskets, Latin American art, handmade furniture, sporting equipment, oriental accessories, antique linens, miniatures and Christmas ornaments—as well as honey, cheeses, nuts, candies, and plum pudding! There will be something for everyeveryone's taste, and in many price ranges.

The Marketplace will be held at the Mississippi Trademart which will be transformed into a glittering wonderland of holiday sights and shopping avenues. As highlights of Mistletoe Marketplace, the Junior League will offer a tearoom, serving lunch daily; holiday choirs; a childcare booth for shopping parents; and several holiday workshops during the two day extravaganza. On the evening of November third, a special night for children has been designated. A special booth for young shoppers called "Grandma's Attic" has been created with items modestly priced so that children can do their own buying for parents, teachers, and friends. There will also be children's entertainment and a family supper which will promise a fun evening for all.

The proceeds from Mistletoe Marketplace will support projects which the Junior League presently sponsors with both funds and volunteer workers. The Junior League projects provide rewarding experiences as the Junior League worker interacts with individuals and associations within the community as follows:

DREAM—"Drug Research and Education Association of Mississippi" DREAM works with the problem of teenage drug abuse and works to educate the communities and inform parent groups.

ROCKIN' MAMAS—A group of League women who work with hospitals to give stimulus and affection to premature babies brought to Jackson for intensive care via the "Neonadle Cradle" which the Junior League gave to the city of Jackson.

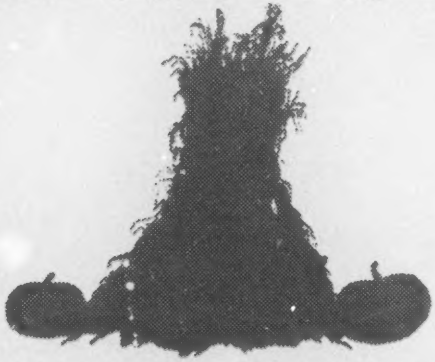
PUPPETRY—A group of Junior Leagurs who use the art of puppetry as an educational tool in the school systems and in the hospitals.

WOMEN'S RESOURCE CENTER—A referral and counseling center for women in transition after a divorce or death of spouse was begun by the Junior League in conjunction with the YWCA.

ZOO DOCENTS—A team of ladies who give educational tours of the zoo and work within the schools to educate children on animal behavior.

BATTERED WOMEN'S SHELTER — Volunteers work with battered women offering job service and basic life skill courses.

CHIMNEYVILLE SCHOOL—A craft school for children and adults located on the Millsaps Campus.



INDEXES OF SELECTED MISSISSIPPI ECONOMIC INDICATORS
(Seasonally Adjusted)
1969=100

Indicator	August 1982	July 1982	August 1981
Retail Sales	150.5	164.0	158.8
Electric Sales	205.6	197.2	204.5
Telephones in Service	225.9	227.0	230.5
Gasoline Gallonage	136.3	225.9	140.7
Loans of Savings & Loan Institutions	46.6	14.4	71.6

Spotlighting Small Business in Mississippi

W. A. Taylor Galleries
Louisville, Mississippi

Bill and Mitzi Taylor

The W. A. Taylor Galleries and Art Village is a major addition to the cultural life of Louisville, Mississippi, east central Mississippi and the entire nation. They are the fulfillment of a dream of W.A. "Bill" Taylor, Jr. to find, encourage and promote some of America's finest contemporary artist. Taylor is chairman of the board and president of Taylor Machine Works, Inc., a leading manufacturer of heavy industrial trucks based in Louisville, Miss. As he explains it, Taylor had a vision of a method of seeking out some of America's most talented artist and then offering their works to an art-appreciative audience.

Through the Galleries' Gold Medallion Collection, magnificent examples of contemporary art capturing the spirit and beauty of the American scene are available to the expanding art-sensitive public. Original works in bronze, oils, acrylics, water colors and wood, as well as stone lithographs and other limited-edition prints, are included in the collection. Although depiction of America, her people and wildlife is a common thread running through the entire

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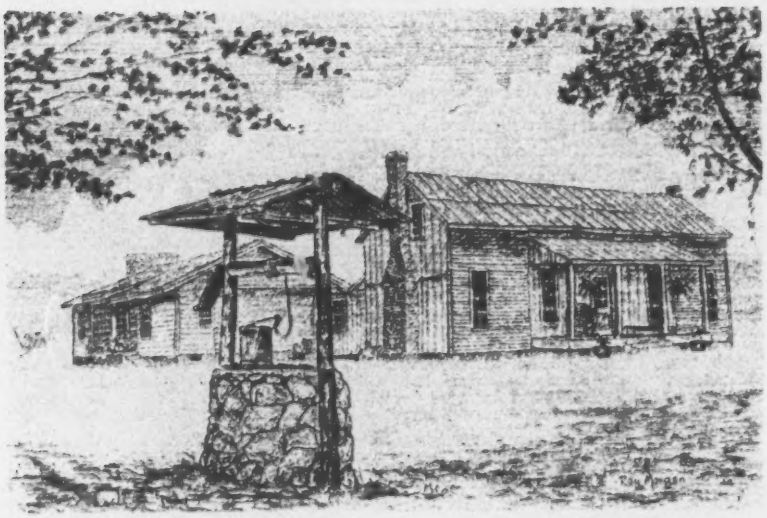


collection, each work is as unique as the artist who creates it.

Base for the Galleries is the Art Village, located north of Louisville. In itself the Village is one of the most unique characteristics of the Taylor Galleries program. Located on a 32-acre site, the Village is, in essence, an art colony. Its history is a testament to some of the strengths of the American lifestyle and heritage reflected in the fine artworks of the Gold Medallion Collection.

Established by Joseph McCully as family homestead more than 150 years ago, the site served as a working farm to support the family for many years. The rennovated residence, which is the site of the main Gallery, is more than 100 years old. In restoring the building, Taylor sought to maintain its charm and unique character while making it a suitable home for the galleries.

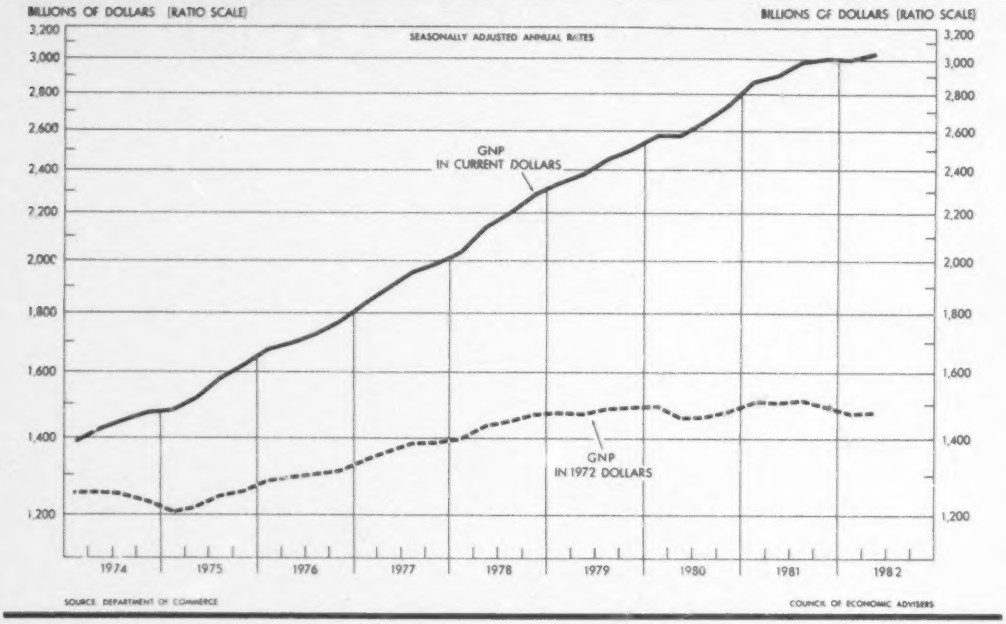
In addition to this main building, several residential structures surround the Village pond. One is the home of the staff artist for the Galleries. Several cabins are available for use as temporary residences for artists who will be brought to the Village to pursue their work for specific periods of time. A variety of storage and workshop areas are available to provide support activities such as framing and, eventually, a foundry for casting bronze works.

In addition to providing a cultural center in Louisville, and modern marketing program which stretches throughout the nation, W.A.Taylor Galleries maintains a continuing program of art exhibition and education. The Galleries exhibits at some of the major shows in the United States each year, as well as hosting and co-hosting special exhibitions in different areas of the country.

TOTAL OUTPUT, INCOME, AND SPENDING

GROSS NATIONAL PRODUCT

According to revised estimates for the second quarter of 198[illegible] gross national product rose $49.7 billion or 6.8 percent, both at annual rates. Real output (GNP adjusted for p[illegible] changes) rose 2.1 percent, annual rate, and the implicit price deflator rose at a 4.6 percent annual rate.



[Billions of current dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment	Exports and imports of goods and services			Government purchases of goods and services					Final sales
				Net exports	Exports	Imports	Total	Federal			State and local	
								Total	National defense	Non-defense		
1971	1,077.6	672.2	166.4	4.1	68.8	64.7	234.9	96.2	70.2	26.0	138.7	1,070.0
1972	1,185.9	737.1	195.0	.7	77.5	76.7	253.1	101.7	73.1	28.5	151.4	1,175.7
1973	1,326.4	812.0	229.8	14.2	109.6	95.4	270.4	102.0	72.8	29.1	168.5	1,307.9
1974	1,434.2	888.1	228.7	13.4	146.2	132.8	304.1	111.0	77.0	33.9	193.1	1,420.1
1975	1,549.2	976.4	206.1	26.8	154.9	128.1	339.9	122.7	83.0	39.7	217.2	1,556.1
1976	1,718.0	1,084.3	257.9	13.8	170.9	157.1	362.1	129.2	86.0	43.2	232.9	1,706.2
1977	1,918.3	1,[illegible]84.4	324.1	−4.0	182.7	186.7	393.8	143.4	92.8	50.6	250.4	1,895.3
1978	2,163.9	1,346.5	386.6	−1.1	218.7	219.8	431.9	153.6	100.3	53.3	278.3	2,137.4
1979	2,417.8	1,507.2	423.0	13.2	281.4	268.1	474.4	168.3	111.8	56.5	306.0	2,403.5
1980	2,633.1	1,667.2	402.3	25.2	339.2	314.0	538.4	197.2	131.4	65.8	341.2	2,643.1
1981	2,937.7	1,843.2	471.5	26.1	367.3	341.3	596.9	228.9	153.7	75.2	368.0	2,917.3
1980: III	2,643.7	1,682.0	384.1	39.0	337.2	298.2	538.5	193.3	130.5	62.8	345.2	2,664.8
IV	2,739.4	1,745.8	410.3	23.5	346.7	323.2	559.8	207.0	138.1	68.9	352.8	2,757.1
1981: I	2,864.9	1,799.9	455.7	31.2	365.4	334.2	578.1	217.0	143.1	73.9	361.1	2,852.7
II	2,901.8	1,819.4	475.5	23.7	368.9	345.1	583.2	218.2	150.5	67.7	365.0	2,877.2
III	2,980.9	1,868.8	486.0	25.9	367.2	341.3	600.2	230.0	154.4	75.7	370.1	2,949.1
IV	3,003.2	1,884.5	468.9	23.5	367.9	344.4	626.3	250.5	166.9	83.6	375.7	2,989.9
1982: I	2,995.5	1,919.4	414.8	31.3	359.9	328.6	630.1	249.7	166.2	83.5	380.4	3,031.1
II	3,045.2	1,947.8	431.5	34.9	365.8	330.9	630.9	244.3	176.2	68.2	386.6	3,061.4

Source: Department of Commerce, Bureau of Economic Analysis.

STATE ECONOMIC INDICATORS

Indicator	August 1982[1]	July 1982[2]	August 1981[2]	Per Cent One Month Ago[3]	Change One Year Ago[3]
EMPLOYMENT, EARNINGS AND HOURS[4]					
Total Employment	920,400	932,800	962,800	— 1.3	4.4
Non-Ag Employment	782,700	789,600	813,000	— 6.9	—30.3
Mining	12,700	12,800	13,100	— .1	— .4
Contract Construction	40,000	39,500	43,800	+ .5	— 3.8
Manufacturing	205,800	206,500	223,500	— .1	—17.7
Transportation and Public Utilities	40,200	40,400	40,600	— .2	— .4
Wholesale and Retail Trade	163,200	163,100	164,900	+.1	— 1.7
Finance, Insurance and Real Estate	33,000	33,100	33,400	+.1	— .4
Service	117,600	120,600	118,400	— 3.7	— .8
Government	170,300	173,500	175,300	— 3.2	— 5.0
Unemployment Rate (Per Cent Labor Force)	12.1	11.2	8.2	——	——
Average Weekly Earnings in Manufacturing (Dollars)	251,160	243,590	237,400	3.1	5.8
Average Hourly Earnings in Manufacturing (Dollars)	39,000	38,300	39,500	1.8	— 1.3
Average Weekly Hours in Manufacturing	6,440	6,360	6,010	1.3	7.2
PRODUCTION (000's)					
Petroleum Production					
Production of Crude Petroleum (bbls.)[5]	2,457	2,781	2,821	—11.7	—12.9
Gasoline Delivered to Dealers (gals.)[6]	114,659	125,329	119,289	—8.51	—3.88
BANKING AND FINANCE ($000's)					
Loans of Savings and Loan Associations[7]	9,301,000	2,183,000	13,700,000	326.01	—32.11
Construction Loans	92,000	700,000	1,200	—86.9	—92.3
PUBLIC UTILITIES					
Sales of Electricity (000's KWH)[8]	2,213,149	2,127,679	2,201,272	4.02	0.54
Telephones in Service (Number)[9]	1,498,606	1,505,676	1,528,894	— 0.5	— 2.0
RETAIL SALES ($000's)[10]	1,396,430	1,407,311	1,396,823	— 0.8	0

Indicator	May 1982	April 1982	May 1981	Per Cent One Month Ago	Change One Year Ago
AGRICULTURE ($000's)[11]					
Total Cash Receipts from Farm Marketings	96,437	112,317	91,537	—14.1	5.4
Cash Receipts from Marketing Livestock	65,097	80,803	70,858	—19.4	— 8.1
Cash Receipts from Marketing Crops	31,340	31,514	20,679	— 0.6	51.6

[1]Preliminary

[2]Revised

[3]Percent change calculated with revised figures; not comparable with previously published data.

[4]Mississippi Employment Security Commission

[5]State Oil and Gas Board for April

[6]Mississippi Motor Vehicle Comptroller

[7]Federal Home Loan Bank of Little Rock

[8]Mississippi Power Company, Mississippi Power and Light Company and Tennessee Valley Authority

[9]South Central Bell Telephone Company

[10]Mississippi Tax Commission

[11]U. S. Department of Agriculture

BUSINESS ACTIVITY BY CITY

	Telephones in Service			City Sales Tax Collections			Building Permits		
	Current Month August	Per Cent Change Month Ago	Year Ago	Current Month August	Per Cent Change Month Ago	Year Ago	Current Month August	Per Cent Change Month Ago	Year Ago
Aberdeen	6,226	−36.3	−26.1	48,840	4.4	− 1.1	72,762	112,250	80,200
Baldwyn	4,630	−0.9	−2.6	21,385	− 2.5	9.5	—	—	—
Batesville	9,135	−0.5	−1.1	57,853	− 7.7	− 1.2	20,800	28,300	3,500
Bay Springs	—	—	—	20,093	−13.9	−13.6	—	—	—
Bay St. Louis	14,603	0.4	4.4	39,899	5.4	13.8	81,700	136,700	122,101
Belmont	2,322	−0.5	−3.4	9,885	5.9	−14.6	—	—	—
Belzoni	4,985	−0.9	−3.4	29,396	− 8.7	0.5	30,500	5,000	38,700
Biloxi	45,076	−0.8	−2.4	315,522	− 0.8	−13.2	1,174,963	348,185	500,282
Brandon	11,424	−0.1	0.4	40,704	4.7	11.3	98,400	—	646,200
Brookhaven	15,595	−0.6	−3.1	110,033	− 3.6	− 4.2	106,500	772,440	69,000
Brooksville	1,331	−0.7	2.0	2,916	15.4	9.3	—	—	—
Canton	10,955	−0.8	−1.2	62,578	8.7	3.7	97,669	74,423	62,434
Carthage	7,398	−0.2	−1.9	41,418	14.1	− 6.3	—	—	—
Charleston	4,125	−0.8	−3.0	16,918	− 8.6	−15.6	—	—	—
Clarksdale	19,896	−0.9	−4.9	123,843	− 1.6	− 1.1	—	—	—
Cleveland	13,373	0.2	−4.0	97,450	− 1.0	− 3.2		—	—
Collins	4,733	−0.4	0.8	23,588	−27.4	− 1.9	271,400	—	109,230
Columbia	16,207	−0.3	0.1	100,873	− 5.0	18.3	—	—	—
Columbus	32,840	−0.9	−3.3	218,256	− 0.0	1.2	404,155	384,737	286,838
Corinth	20,465	−0.8	−3.5	119,711	5.5	10.4	196,630	78,253	205,385
Crystal Springs	5,916	−0.9	−1.0	25,736	−12.7	7.8	53,000	49,000	171,500
Drew	2,898	−0.4	3.7	10,263	−10.0	− 5.8	—	—	—
Edwards	1,720	0.3	−0.9	3,654	1.9	− 8.5	78,850	—	15,000
Ellisville	3,997	—	−2.4	16,746	− 2.8	3.9	—	—	—
Eupora	4,409	−0.9	−1.1	16,230	12.0	0	—	—	—
Fayette	3,360	−0.7	−0.2	11,383	30.1	22.7	—	—	—
Forest	5,058	−0.0	−1.6	52,915	4.5	− 4.1	179,500	537,000	—
Greenville	36,337	−0.8	−2.9	241,788	2.3	− 3.3	—	—	—
Greenwood	23,230	−0.5	−5.1	145,417	1.6	−12.0	176,200	200,700	24,400
Grenada	14,135	−0.3	−2.1	86,153	0.3	− 0.2	64,000	506,000	34,000
Gulfport	62,568	−0.6	−1.0	290,053	− 0.7	6.3	841,906	614,510	504,261
Hattiesburg	70,722	−0.3	−1.4	366,551	1.5	5.1	1,585,792	984,541	711,634
Hernando	7,434	−0.2	−0.3	26,887	1.4	8.9	6,700	—	—
Hollandale	3,349	−0.7	−1.2	13,206	−21.9	− 5.8	—	—	—
Holly Springs	7,692	−0.5	−0.6	40,924	1.0	− 9.7	77,500	7,000	199,000
Houston	5,615	−0.9	−1.7	24,696	−20.0	−12.3	—	—	—
Indianola	7,854	−0.5	−1.6	64,445	− 1.5	− 2.1	—	—	—
Iuka	5,313	−1.5	−8.6	28,423	0.4	−32.7	—	—	—
Jackson	226,703	−0.6	−2.0	1,470,388	0.1	3.6	6,419,784	3,579,679	3,611,332
Kosciusko	4,220	−0.7	−3.4	57,321	8.9	3.8	198,100	110,700	95,800
Laurel	35,527	−0.7	−1.2	299,595	− 0.8	−22.2	769,527	322,903	730,504
Leland	5,279	−0.6	−1.1	20,576	−14.2	− 4.0	—	—	—
Lexington	4,930	−0.3	−0.0	18,753	− 5.9	− 7.1	—	—	—
Louisville	10,528	−0.8	−2.5	49,509	−12.7	− 9.7	103,930	295,538	—
Lucedale	8,516	−0.2	−1.5	35,911	− 0.8	2.5	123,200	12,700	28,000
Lumberton	2,929	−0.3	−0.3	7,113	−23.5	−20.4	—	—	—
Macon	3,761	−0.7	0	16,935	4.9	11.1	—	—	—
Magee	5,507	−0.3	−0.4	43,320	4.4	1.9	—	—	—
Magnolia	4,265	−1.1	−2.5	10,207	14.8	0.3	16,000	8,700	7,800
Marks	5,307	−0.7	−4.4	16,808	0.6	3.0	—	—	—
McComb	19,894	−0.6	−2.1	131,600	− 4.1	2.1	79,645	164,900	111,520
Meadville	—	—	—	5,008	− 0.4	0	—	—	—
Mendenhall	6,664	−0.4	−0.4	20,767	5.2	13.7	—	40,000	2,000
Meridian	46,588	−0.8	−3.8	344,990	− 4.1	5.4	524,979	790,613	376,385
Monticello	5,070	−0.5	−0.7	19,759	6.6	3.4	83,000	943,000	70,350
Morton	3,642	−0.1	0.4	18,983	− 2.1	13.2	124,910	223,078	2,219,859
Moss Point	16,424	−1.0	−0.6	49,995	− 6.4	4.7	—	—	—
Natchez	30,409	−0.6	−0.5	211,976	− 5.8	−12.8	99,500	104,418	600,436
New Albany	11,390	−0.1	−1.5	57,305	2.3	3.9	124,700	91,000	178,000
Newton	4,141	−0.6	−0.1	23,751	2.5	1.5	64,840	37,400	44,400
Ocean Springs	15,667	−0.8	−3.1	78,316	8.5	12.7	—	—	—
Okolona	3,374	−1.0	−3.1	15,519	5.8	8.2	1,085,341	1,000	—
Oxford	21,118	2.8	−1.4	82,749	4.4	0.7	173,800	332,595	66,920
Pascagoula	37,247	−0.5	2.2	208,955	− 0.1	13.2	—	—	—
Pass Christian	5,767	−1.6	0.9	16,442	10.4	57.1	280,927	—	162,365
Philadelphia	11,754	−0.5	−1.3	61,175	9.6	9.3	—	—	—

BUSINESS ACTIVITY BY CITY

	Telephones in Service			City Sales Tax Collections			Building Permits		
	Current Month August	Per Cent Change Month Ago	Per Cent Change Year Ago	Current Month August	Per Cent Change Month Ago	Per Cent Change Year Ago	Current Month August	Per Cent Change Month Ago	Per Cent Change Year Ago
Picayune	16,136	−0.6	−0.5	86,510	− 1.7	10.0	359,250	266,400	—
Pontotoc	9,375	−0.8	−2.2	41,867	0.5	16.3	—	—	—
Poplarville	4,309	−0.1	1.0	14,635	−25.6	− 5.7	—	—	—
Port Gibson	6,059	−0.4	1.4	16,514	5.6	3.3	—	—	—
Prentiss	—	—	—	21,865	9.7	3.5	121,500	1,500	33,600
Quitman	4,986	−0.5	−0.8	24,312	1.9	−18.7	—	—	—
Raymond	3,288	3.9	1.0	4,446	− 5.2	−16.5	—	—	—
Richton	1,941	−0.5	−3.2	9,409	− 0.6	3.1	61,780	20,000	40,000
Rosedale	1,543	−0.2	−3.6	7,472	− 6.4	− 6.6	—	—	—
Ruleville	1,918	−0.3	−0.9	14,390	8.0	− 0.8	—	—	—
Sardis	3,151	−0.2	−10.5	19,920	1.9	5.7	6,000	43,000	2,000
Senatobia	5,888	−0.9	−0.9	46,443	2.9	13.2	—	700	84,000
Shelby	1,585	−0.1	−3.2	10,524	0.1	− 9.4	—	—	—
Starkville	15,371	0.7	−39.5	91,087	− 3.9	− 2.7	38,507	57,284	451,487
Summit	1,689	−0.3	−0.7	10,546	12.8	− 5.5	—	—	—
Taylorsville	1,808	−0.1	−0.2	11,739	− 5.2	− 2.5	—	—	—
Tchula	1,957	−0.6	−2.9	4,884	23.3	− 4.7	—	—	—
Tunica	4,178	−1.5	−3.1	16,974	− 1.7	− 5.7	—	—	—
Tupelo	37,425	−0.7	−2.5	298,109	− 2.2	−16.2	673,949	415,668	521,794
Union	2,920	−0.0	2.2	13,332	− 2.7	−22.4	—	—	—
Utica	3,122	−1.1	−0.8	9,028	−13.2	− 0.9	—	—	—
Vicksburg	38,501	−0.7	−2.9	197,154	− 6.3	− 1.9	257,189	94,360	178,131
Walnut Grove	1,072	0.2	0.7	1,304	− 5.5	−29.2	—	—	—
Water Valley	4,173	−0.5	−2.3	24,903	− 1.5	2.3	—	—	—
Waynesboro	7,899	−0.4	−0.3	65,201	25.0	2.7	38,800	20,000	17,000
West Point	12,373	−0.5	−1.9	52,589	7.8	− 1.2	75,000	41,500	297,700
Wiggins	6,343	−0.3	0.1	22,720	− 3.3	5.7	36,000	73,500	—
Winona	4,960	−0.4	−1.2	33,598	1.8	4.9	—	—	—
Yazoo City	12,396	−0.7	−2.5	66,580	5.3	− 5.4	—	—	—

STANDARD METROPOLITAN STATISTICAL AREAS

JACKSON [Hinds and Rankin Counties]	August 1982	July 1982	August 1982	Per Cent Change Month Ago	Per Cent Change Year Ago
MANPOWER DATA					
Civilian Labor Force	158,400	159,000	159,700	−0.4	−0.8
Unemployed Persons	13,800	13,800	9,800	0	40.8
Per Cent of Labor Force	8.7	8.7	6.1	—	—
Employed Persons	144,600	145,200	149,900	−0.4	− 3.5
Non-Ag Wage & Salaries	123,600	124,000	129,500	−0.3	− 4.6
Manufacturing	19,200	19,300	18,400	−0.5	4.4
TELEPHONES IN SERVICE	246,257	247,546	250,914	−0.5	− 1.9
CITY SALES TAX COLLECTIONS	1,528,219	1,525,949	1,474,355	0.2	3.7

BILOXI-GULFPORT [Hancock, Harrison and Stone Counties]	August 1982	July 1982	August 1982	Per Cent Change Month Ago	Per Cent Change Year Ago
MANPOWER DATA					
Civilian Labor Force	68,700	68,880	66,940	−0.3	2.6
Unemployed Persons	6,980	6,410	4,320	8.9	61.6
Per Cent of Labor Force	10.2	9.3	6.5	—	—
Employed Persons	61,760	62,470	62,620	1.1	1.4
Non-Ag Wage & Salaries	51,940	52,490	53,340	1.1	2.6
Manufacturing	9,320	9,470	8,760	1.9	6.4
TELEPHONES IN SERVICE	107,820	114,224	115,134	−5.6	− 6.4
CITY SALES TAX COLLECTIONS	622,017	620,830	646,822	0.2	− 3.9

[1]Preliminary

Indicated Sales (Retail and Wholesale) By County (000's)

Source: Mississippi Tax Commission Service Bulletin, Computations by the Division of Business Research, Mississippi State University.

County	1980	% of State	% of Change	1981	% of State	% of Change
Adams	363,236	1.96	13.26	403,407	2.02	11.06
Alcorn	217,715	1.49	32.52	301,063	1.51	38.28
Amite	29,588	0.16	3.75	36,415	0.18	23.07
Attala	108,878	0.59	4.94	115,944	0.58	6.49
Benton	17,860	0.10	16.82	16,329	0.08	— 8.57
Bolivar	235,460	1.27	6.95	255,774	1.28	8.63
Calhoun	64,091	0.34	10.29	62,672	0.03	— 2.21
Carroll	27,222	0.15	27.35	31,794	0.16	16.80
Chickasaw	75,603	0.41	0.02	78,074	0.39	3.27
Choctaw	25,607	0.14	15.08	26,539	0.13	3.64
Claiborne	289,939	1.56	155.02	293,358	1.47	1.18
Clarke	56,956	0.31	7.02	59,278	0.30	4.08
Clay	111,099	0.60	3.57	112,555	0.56	1.31
Coahoma	221,963	1.19	5.68	235,999	1.18	6.32
Copiah	108,185	0.58	0.57	105,949	0.53	— 2.07
Covington	130,208	0.70	34.65	136,816	0.69	5.07
DeSoto	210,939	1.14	19.45	239,075	1.20	13.34
Forrest	684,943	3.69	7.11	712,493	3.57	4.02
Franklin	22,255	0.12	4.28	30,837	0.15	38.56
George	62,945	0.34	22.05	68,229	0.34	8.39
Greene	22,548	0.12	15.19	23,087	0.12	2.39
Grenada	158,049	0.85	2.87	172,226	0.86	8.97
Hancock	122,182	0.66	19.59	161,735	0.81	32.37
Harrison	1,064,951	5.73	6.75	1,149,477	5.77	7.94
Hinds	3,056,701	16.45	5.23	3,108,990	15.59	1.71
Holmes	85,327	0.46	12.82	96,368	0.48	12.94
Humphreys	71,573	0.39	24.93	77,843	0.39	8.76
Issaquena	7,143	0.04	59.94	29,185	0.15	308.58
Itawamba	73,975	0.40	12.31	87,424	0.44	18.18
Jackson	656,558	3.53	19.62	745,475	3.74	13.54
Jasper	77,484	0.42	20.93	83,804	0.42	8.16
Jefferson	22,321	0.12	— 7.96	24,748	0.12	10.87
Jeff Davis	57,182	0.31	22.19	64,887	0.33	13.47
Jones	563,219	3.03	15.46	698,089	3.50	23.95
Kemper	27,933	0.15	25.65	26,464	0.13	— 5.26
Lafayette	139,469	0.75	12.96	151,738	0.76	8.80
Lamar	70,505	0.38	—10.37	89,273	0.45	26.62
Lauderdale	693,997	3.74	9.93	718,157	3.60	3.48
Lawrence	46,143	0.25	12.02	48,513	0.24	5.14
Leake	75,070	0.40	8.63	67,673	0.34	— 9.85
Lee	778,003	4.19	8.04	823,677	4.13	5.87
Leflore	312,023	1.68	7.66	333,036	1.67	6.73
Lincoln	208,529	1.12	11.17	226,342	1.14	8.54
Lowndes	426,643	2.30	5.97	941,982	4.72	120.79
Madison	253,885	1.37	20.04	277,820	1.39	9.43
Marion	183,942	0.99	20.88	213,160	1.07	15.88
Marshall	88,563	0.48	1.43	97,657	0.49	10.27
Monroe	235,871	1.27	10.43	230,787	1.16	— 2.16
Montgomery	62,796	0.34	9.26	63,582	0.32	1.25
Neshoba	113,060	0.61	1.94	120,990	0.61	7.01
Newton	80,575	0.43	10.98	84,844	0.43	5.30
Noxubee	52,015	0.28	1.53	53,302	0.27	2.47
Oktibbeha	171,453	0.92	7.26	187,072	0.94	9.11
Panola	158,664	0.86	13.98	163,111	0.82	2.80
Pearl River	144,966	0.78	6.22	152,441	0.76	5.16
Perry	31,608	0.17	21.43	29,542	0.15	— 6.54
Pike	260,415	1.40	4.89	269,002	1.35	3.30
Pontotoc	70,982	0.38	— 0.99	68,929	0.35	— 2.89
Prentiss	107,265	0.58	0.85	108,975	0.55	1.59
Quitman	46,541	0.25	8.37	44,044	0.22	— 5.37
Rankin	524,781	2.82	18.56	559,174	2.80	6.55
Scott	137,045	0.74	14.02	136,936	0.69	— 0.08
Sharkey	42,238	0.23	18.05	45,720	0.23	8.24
Simpson	119,589	0.64	16.24	121,744	0.61	1.80
Smith	41,580	0.22	8.28	42,818	0.21	2.98
Stone	47,410	0.26	15.72	50,123	0.25	5.72
Sunflower	303,513	1.63	13.96	347,711	1.74	14.56
Tallahatchie	62,527	0.34	14.01	66,665	0.33	6.67
Tate	81,406	0.44	6.82	85,821	0.43	5.42
Tippah	115,657	0.62	14.53	126,774	0.64	9.61
Tishomingo	185,751	1.00	45.04	160,862	0.81	—13.40
Tunica	46,102	0.25	12.30	46,251	0.23	0.32
Union	100,545	0.54	5.54	105,381	0.53	4.81
Walthall	58,473	0.31	10.95	56,232	0.28	— 3.83
Warren	396,856	2.14	6.39	368,320	1.85	— 7.19
Washington	511,211	2.75	— 0.47	532,154	2.67	4.10
Wayne	110,719	0.60	19.99	199,903	0.60	8.29
Webster	40,424	0.22	— 3.90	43,106	0.22	6.63
Wilkinson	48,384	0.26	2.59	51,229	0.26	5.88
Winston	95,018	0.51	8.88	98,082	0.49	3.22
Yalobusha	48,966	0.26	5.05	54,700	0.27	11.71
Yazoo	225,651	1.21	15.44	255,561	1.28	13.25
Other	1,230,815	1.24	12.32	——	——	——
TOTALS	18,579,498		10.88	19,937,971		7.31